



REPORT FOR ACTION

Facilities Management Service Review of External Cleaning Contracts

Date: October 26, 2017

To: Government Management Committee

From: Deputy City Manager, Internal Corporate Services

Wards: All

SUMMARY

The purpose of this staff report is to report on the results of a service review of all current cleaning contracts including an analysis of cost effectiveness as outlined within the Auditor General's Report dated June 14, 2016, Audit of City Cleaning Services - Part 2; Maximizing Value from Cleaning Contracts.

RECOMMENDATIONS

The Deputy City Manager, Internal Corporate Services recommends that:

1. The Government Management Committee receive this report for information.

FINANCIAL IMPACT

There is no financial impact to the City of Toronto resulting from this report.

The Acting Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

At the July 12, 13, 14 and 15, 2016 meeting, City Council adopted AU 6.10 Audit of City Cleaning Services - Part 2: Maximizing Value from Cleaning Contracts which requested that the General Manager of Facilities Management complete a service review of all current cleaning contract including an analysis of their cost effectiveness and the results of such review to be reported to the Government Management Committee.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.AU6.10>

COMMENTS

1.0 Report Purpose

The Auditor General has recommended that a complete service review of all current cleaning contracts, including an analysis of their cost effectiveness, be completed and the results reported to the Government Management Committee.

The service review has focused on utilizing a standard assessment criteria and methodology to evaluate the performance of each contractor and report with a consistent result as to their compliance with the City standard.

2.0 Methodology

Facilities Management measured three categories of successful compliance with City standards outlined below. All services were assessed based on the City of Toronto's Custodial Standard Service Model, which governs the type, frequency and quality of custodial work performed.

- 1) Quality of Work: Facilities Management performed site reviews of our facilities which receive contracted custodial services. The site review documented the work performed by our external contractors and identified any issues which did not meet the quality expected by our client Divisions.
- 2) Client Satisfaction: Surveys have been carried out with client representatives from various Divisions. Client feedback is also being collected as part of the site surveys. This is a new process which is being implemented as a result of the Auditor General's recommendations.
- 3) Pay for Performance: Reviews of the payments made to our vendors has been carried out and compared to the hours being received by our clients. This verification ensures that what is scheduled is equal to what is paid. This is jointly validated by FM supervisors and our clients.

3.0 Discussion & Findings

3.1 General Discussion

Facilities Management currently has 3 external contractors providing custodial services at 92 City locations comprising 5.3 million square feet across the City. In order of the number of buildings and square feet they service the vendors are: TBM Service Group Inc. (73 buildings, 3,800,000 sq. ft.), Magic Maintenance Inc. (18 buildings, 880,000 sq. ft.), and Impact Cleaning Services (1 building, 680,000 sq. ft.).

Facilities Management is in the process of implementing the recommendations outlined by the Auditor General. As a first step, Facilities Management has instituted a Quality Assurance function that is integrated with field staff to ensure that there are checks and balances in our delivery of contracted custodial service. Additionally, FM has begun standardizing the custodial services offered to our clients. In early 2017 six different custodial contracts were consolidated into one contract with one consistent scope of work. This new standard, applied in the TBM Service Group Inc. contract, incorporates 73 of the 92 buildings which receive external custodial services. The remaining two contracts (Magic Maintenance and Impact) are scheduled to transition to the new standard once they expire in 2018. This planned transition will allow FM to uniformly integrate the Auditor General's recommendations across all externally serviced locations.

3.2 Quality of work received

All three vendors have undergone a service review of the work performed within their respective contracted facilities. Site audits were carried out by Facilities Management Supervisors who visually assessed whether the quality received is as specified within the contract.

Supervisors conducted reviews of 60 of the 92 externally serviced buildings by arriving unannounced and assessing the quality of the custodial service. The review was based on 41 individual criteria across 8 different building areas.

The site reviews assessed the service being provided against the service levels outlined within the contract. These reviews focused on sampling sites from each contract and across a variety of client groups. Facility Supervisors attended buildings occupied by Toronto Employment and Social Services, Toronto Police, Public Health, Civic Centres, Toronto Water, Shared Yards and Union Station.

Magic Maintenance Inc. had 7 of their 18 sites reviewed and 98% of the criteria assessed at their locations passed the quality expectations as outlined within their contract.

TBM Service Group had 52 of their 73 sites reviewed and 97% of the criteria assessed at their locations passed the quality expectations as outlined within their contract.

Impact Cleaning Services provides service to Union Station alongside internal staff which is the only building in their portfolio. 63% of the criteria assessed passed the quality expectations as outlined within their contract. Site inspectors investigated why the quality score was lower than expected and it was determined that the site construction was impacting service at the site. Impact is being asked to perform additional cleaning duties caused by the renovations to Union Station which is over and above their duties defined in their contract. Facilities Management continues to work with Impact and the various capital construction contractors to improve communications in an effort to improved service.

3.3 Client Satisfaction

As Facilities Management moves forward with the standardization of our service, we have identified representatives from our client Divisions to provide a perspective on how well the custodial service is meeting their needs.

These client representatives have been integrated into the scope development process and were given the opportunity to participate on the Request for Proposal (RFP) review committee.

This process was introduced as part of the contract consolidation exercise and is only currently applicable to the TBM Service Group contract (73 buildings of the 92). This process will be standard for all externally contracted locations once the remaining 19 buildings (Magic and Impact) go out for a RFP in the second quarter of 2018.

The client representatives who participated in the client satisfaction review included Toronto Employment and Social Services, Toronto Police Services and Toronto Water. The assessment rated seven evaluation criteria.

1. Response Time to Service Request
2. Quality of Service
3. Meeting Expectations
4. Cost of Service
5. Time to Complete Requested Service
6. Courtesy and Professionalism of Services Staff
7. Communications and Status Updating

Each client representative was asked to rate the performance of the service they were receiving from Very Satisfied, Satisfied, Dissatisfied, Very Dissatisfied and Not Applicable.

1. The response time of the service was satisfactory with some clients noting the service as very satisfactory. All indications are that the contractor has performed strongly in this area.
2. The quality of the service was consistent as satisfactory for all responses.
3. Many clients indicated that the service they are receiving from their contracted custodial service did not meet their expectations. This is contradictory to the service standard score of 97% that TBM achieved in the FM quality assessment noted above. When we looked further into this discrepancy we found that the difference between the quality received and client expectations was due to the standardization of our service to a single corporate service level for all clients and not necessarily a reflection of our vendors work.
4. Cost of service was noted as satisfactory.

5. Time to Complete Requested Service was rated as satisfactory to very satisfactory. TBM service group Inc. has demonstrated a strong compliance with contract expectation, when required to perform emergency service.

6. Courtesy and Professionalism of Services Staff was also rated as satisfactory to very satisfactory.

7. Communications and Status Updating was consistently noted as weak. Many of the shifts that TBM work at City locations are after business hours and there is little to no direct interaction between our clients and TBM staff. Facilities Management is working with TBM to implement new channels of communication which use the site logs to allow staff and clients to exchange notes.

Our clients reported back with an overall average response of Satisfied. Though the responses averaged to a satisfactory service level, there were areas which were identified as strengths and weakness to be improved on.

All of these results are being treated as lessons learned and we continue to keep an open dialogue with TBM to ensure that we are adjusting our services to continually improve. This client integrated framework was piloted with the TBM contract and actively involved our clients in the procurement process. This allowed Facilities Management to proactively identify many client needs and develop strategies to improve our service both in client satisfaction and cost efficiency.

3.4 Pay for performance

Facilities Management has been working with the Purchasing and Materials Management Division (PMMD) to strengthen our contract management tools during the RFP process. New requirements have been added into our custodial contracts which require the vendors to submit documentation to support the hours of service the City is paying for. These documents include a schedule which outlines which staff will be reporting to which site and from what time they will be present at the location. This information is shared with our clients, reviewed during the quality site inspections, and is compared with sign in/out logs on site.

This audit framework has been incorporated into the new standardized TBM contract for 73 of the 92 facilities with externally contracted custodial services and is planned to be incorporated into the additional sites upon expiration of the 2 outstanding contracts in 2018.

The new pay for performance process also integrates a quality review into the release of payment approval. Inspectors have the ability to flag inspections and hold payment if the quality does not meet the contract expectations. This tool gives FM a transparent and well supported process to ensure that contractors meet our expectation of quality and performance.

The 19 facilities that have yet to be integrated into the new pay for performance structure have undergone a similar interim process to ensure due-diligence is maintained. Any issues documented during the site reviews have been brought to both Impact and Magic maintenance's attention and have been resolved to facilities management's satisfaction.

4.0 Conclusion

Facilities Management is still in the process of implementing many of the Auditor General's recommendations, but have greatly improved oversight and quality assurance processes over the course of 2017. As we continue to work with our clients and expand our pay for performance program it is expected that our custodial services will continue to improve in cost effectiveness while maintaining the quality expectations of all our clients.

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SIGNATURE

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